

MINUTES

Bonding Committee



Senator Brock L. Greenfield, Chair
Representative G. Mark Mickelson, Vice Chair
Representative Spencer Hawley, Ranking Minority Member

**First and Final Meeting, 2018 Interim
Friday, November 09, 2018**

**Room 413 – State Capitol
Pierre, South Dakota**

The first and final meeting of the Bonding Committee was called to order by Senator Brock Greenfield, Chair, at 3:40 p.m. (CT) on November 9, 2018, in Room 413 of the State Capitol, Pierre, South Dakota. A quorum was determined with the following members answering roll call: Senator Jim Stalzer; Representatives Hugh Bartels, Spencer Gosch, Steven Haugaard, Lee Qualm, and Tim Reed; Representative Spencer Hawley, Ranking Minority Member; and Senator Brock L. Greenfield, Chair. Excused: Senators Jim Bolin, R. Blake Curd, Kris Langer, Jeffrey Partridge, Billie Sutton, and Representatives Mike Stevens and Mark Mickelson.

Staff members present included Lucas Martin, Fiscal and Program Analyst; Jeff Mehlhaff, Senior Fiscal and Program Analyst; and Cindy Tryon, Senior Legislative Secretary.

NOTE: For purpose of continuity, the following minutes are not necessarily in chronological order. Also, all referenced documents distributed at the meeting are attached to the original minutes on file in the Legislative Research Council office. This meeting was web cast live. The archived web cast is available at the LRC web site at <http://sdlegislature.gov>.

Reception of Annual Reports

South Dakota Housing Development Authority (SDHDA)

Ms. Lorraine Polak, Director, Rental Housing Development, South Dakota Housing Development Authority, presented the [Authority's audited financial statements as of June 30, 2017](#); [FY18 Annual Report](#); and an [informational memo](#).

Since last year's report, SDHDA has issued \$291.2 million in bonds to support the First-Time Homebuyer Program, and more than \$356 million was loaned to 2,485 first-time homebuyer families in South Dakota. Interest rates currently range from 4.375% to 5.375%.

During FY18, \$1.2 million was allocated to the SD Housing Opportunity Fund which will result in 166 families or individuals benefiting from this program.

During FY18, 95 Governor's Houses were sold, bringing the total number of homes to 2,668 since the program's inception in 1996.

Representative Hawley asked what the limit is on a loan for first time home buyers. Ms. Polak said the limit for first time home buyers is \$250,000.

South Dakota Conservancy District

Mr. Mike Perkovich, Program Administrator, Water and Waste Water Funding Program, Department of Environment and Natural Resources, presented the [South Dakota Conservancy District Report](#).

This program oversees the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund, and, as of June 30, 2018, has entered into 754 binding State Revolving Fund commitments totaling \$1.3 billion.

South Dakota Value Added Finance Authority

Ms. Terri LaBrie, Finance Director, Department of Agriculture, presented the [South Dakota Value Added Finance Authority \(VAFA\) annual report](#). VAFA was created in 1995 to administer the Beginning Farmer Bond and Agribusiness Bonding Programs and make recommendations to the Legislature and the Governor on programs to develop and promote agricultural processing activity in South Dakota.

The Value Added Finance Authority issued four new Beginning Farmer Bonds and one refunding bond in FY18. The Authority closed two Value Added Agribusiness Relending Program loans totaling \$198,000. The Authority also approved a project for Value Added Sub Funds for SD Soybean Processors for \$100,000 and commissioned two studies with Value Added Sub Funds for \$19,500, and a feed mill study for up to \$12,500.

South Dakota Economic Development Finance Authority

Ms. Cassie Stoeser, Director of Finance, Governor's Office of Economic Development, presented the [Economic Development Finance Authority \(EDFA\) Annual Financial Report](#). During FY2018, the Authority received \$830,580 in regularly scheduled pooled loan payments and paid \$839,058 in principal and interest payments on the Series 2013A bonds. The pooled loan program is the largest program the Authority oversees. The Authority also received \$225,616 in APEX loan repayments and currently has no debt owed for the APEX loan program. No additional APEX or pooled loans were issued during the year.

South Dakota Building Authority

Mr. Don Templeton, Executive Secretary, and Dustin Christopherson, Associate Director, South Dakota Building Authority, presented the [SD Building Authority report](#), giving an update on the projects started in past years. No new projects were financed in 2018. Mr. Templeton and Mr. Christopherson gave updates on the Cedar Shore recreation area and Angostura recreation area projects; Animal Disease Research & Diagnostics Lab; and the addition to the Performing Arts Center at SDSU. Since 1969, there have been 90 bonds issues for a total of \$1.3 billion. The total outstanding on those bonds is about \$284 million. The Legislature did approve two new building projects, the Precision Ag building and improvements to the Dakota Dome, which will be included in future Building Authority reports.

South Dakota Health and Educational Facilities Authority

Mr. Don Templeton, Executive Director, and Dustin Christopherson, Associate Director, South Dakota Health and Educational Facilities Authority, presented the [SD Health and Educational Facilities Authority report](#). There were no new projects for 2018. This Authority does not issue the bonds but rather facilitates the bonds. The program has assisted with \$324,476,654 in bonds for school districts with a savings to the schools of \$6,412,369.

Since the Authority was established, there have been a total of 245 bonds issued for both health and educational facilities for a total of \$4,689,953,017. The report lists all the bonds and the facilities for which they were issued.

A motion was made by Representative Hawley, seconded by Representative Reed, that the Bonding Committee receive and accept the South Dakota bonding authority reports as presented. The motion prevailed on a roll call vote with 8 voting AYE, 7 EXCUSED. Those voting AYE: Stalzer, Bartels, Gosch, Haugaard, Qualm, Reed, Hawley, and Greenfield. Those EXCUSED: Bolin, Curd, Langer, Partridge, Sutton, Stevens, and Mickelson.

Adjournment

A motion was made by Representative Qualm, seconded by Representative Gosch, that the Bonding Committee be adjourned. The motion prevailed on a voice vote.

The Board adjourned at 4:15 p.m.